



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 9, 2004

### **H.R. 4231** **Department of Veterans Affairs Nurse Recruitment** **and Retention Act of 2004**

*As ordered reported by the House Committee on Veterans' Affairs  
on May 19, 2004*

#### **SUMMARY**

H.R. 4231 contains several provisions that would affect nurses hired by the Department of Veterans Affairs (VA). It would allow VA nurses to work alternate work schedules that would be treated as the equivalent of full-time work, even though total hours worked by the nurses would be less than 40 hours per week. In addition, the bill would allow VA to make additional payments to state homes to help fund programs that are designed to recruit and retain nurses at these facilities. Finally, the bill would require VA to implement a pilot program in one region of the country that would require VA to use an outside agency for advertising and job searches for hiring VA nurses.

CBO estimates that implementing H.R. 4231 would cost \$33 million in 2005 and \$307 million over the 2005-2009 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

H.R. 4231 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4231 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law for Veterans' Medical Care						
Estimated Authorization Level <sup>a</sup>	27,957	28,888	29,706	30,608	31,117	32,104
Estimated Outlays	27,141	28,334	29,293	30,210	30,846	31,756
Proposed Changes						
Alternative Work Schedules for Nurses						
Estimated Authorization Level	0	28	57	59	61	63
Estimated Outlays	0	25	54	58	60	62
Assistance for State Nursing Homes						
Estimated Authorization Level	0	8	8	9	9	9
Estimated Outlays	0	7	8	9	9	9
Pilot Program for Nurse Recruitment						
Estimated Authorization Level	0	1	1	1	1	2
Estimated Outlays	0	1	1	1	1	2
Total Changes						
Estimated Authorization Level	0	37	66	69	71	74
Estimated Outlays	0	33	63	68	70	73
Spending for Veterans' Medical Care Under H.R. 4231						
Estimated Authorization Level <sup>a</sup>	27,957	28,925	29,772	30,677	31,188	32,178
Estimated Outlays	27,141	28,367	29,356	30,278	30,916	31,829

a. The 2004 level is the estimated net amount appropriated for that year. No full-year appropriation has yet been provided for fiscal year 2005. The current-law amounts for the 2005-2009 period assume appropriations at the 2004 level with adjustments for anticipated inflation.

## BASIS OF ESTIMATE

This estimate assumes that the bill will be enacted near the start of fiscal year 2005 and that the necessary amounts for implementing the bill will be appropriated for each year.

### Alternative Work Schedules for Nurses

Under section 3, VA would have the authority to treat nurses who work three regularly scheduled 12-hour shifts within one workweek as having worked a full 40 hours during that

week. In a similar manner, VA also would have the authority to treat nurses who work seven regularly scheduled 10-hour shifts within a two-week pay period as having worked 80 hours during that period. Under the bill, nurses would still be paid as if they had worked 40 hours, despite working less than 40 hours while on these alternative schedules. Under current law, VA cannot allow nurses who work these schedules to be treated as if they are working 40 hours a week.

Based on information from VA, CBO expects that VA would allow about 6,500 nurses to use these alternative work schedules, with about 4,100 working under the three 12-hour shifts schedule and the rest working under the seven 10-hour shifts schedule. Because these nurses would be working fewer hours each week, CBO expects that VA would likely have to hire additional personnel to cover the remaining work load. Based on the estimated decrease in total hours worked, CBO estimates that VA would need to hire about 700 additional nurses at an estimated annual cost of about \$78,000 per nurse in 2005. Assuming it takes about six months for VA to begin using this authority and that annual salaries increase with inflation, CBO estimates that implementing section 3 would cost \$25 million in 2005 and \$259 million over the 2005-2009 period, assuming appropriation of the necessary amounts.

### **Assistance for State Nursing Homes**

Under current law, VA makes payments to states that have state homes that provide long-term care to veterans. Section 6 would require VA to make additional payments to those states that have employee incentive scholarship programs or other incentive programs designed to help the state homes recruit and retain nurses. The bill would limit the amount the VA could pay the states for these new programs to 2 percent of the payments it makes to state homes for the long-term care of veterans—about \$400 million in 2004, according to VA. Thus, CBO estimates that implementing this provision would cost about \$7 million in 2005 and \$42 million over the 2005-2009 period, assuming appropriation of the estimated amounts.

### **Pilot Program for Nurse Recruitment**

Section 2 would require VA to hire an outside agency to implement a pilot program designed to increase recruitment and advertising for nurses in a region where VA has had difficulties in recruiting and retaining qualified nurses. VA has not yet provided information as to how it would implement this pilot program. Assuming that VA implements this pilot program in a region with three hospitals and spends about 1 percent of its compensation budget for nurses for this program, CBO estimates that implementing this pilot program would cost

about \$1 million in 2005 and \$6 million over the 2005-2009 period, assuming appropriation of the estimated amounts.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4231 contains no intergovernmental or private-sector mandates as defined in UMRA. States currently receive reimbursements from the Department of Veterans Affairs for certain costs related to care of veterans in state facilities. This bill would expand those eligible activities to include programs to recruit and retain nurses in such facilities; any costs incurred by those governments would be voluntary.

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